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DALE PROPERTY SERVICES, LLC ATTN: RECORDING TEAM 500 TAYLOR ST. STE 600 FORT WORTH, TEXAS 76102

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SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

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Producers 88 (4-89) - Paid Up With 640 Acres Pooling Provision STANDARD LEASE W/ OPTION v. 5

> Electronically Recorded Chesapeake Operating, Inc.

PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 1 day of 000000, 2010, by and between WILLIAM V. DAFCIK, JR., A MARRIED MAN whose address is 6720 BRANCH CREEK DRIVE, FORT WORTH, TEXAS 76132, as Lessor, and CHESAPEAKE EXPLORATION, LLC., AN OKLAHOMA LIMITED LIABILITY COMPANY, whose address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described leaded associated. land, hereinafter called leased premises:

3.459 ACRES OF LAND, MORE OR LESS, CONSISTING OF THE FOLLOWING THREE (3) TRACTS:

TRACT ONE: 1.636 ACRES OF LAND, MORE OR LESS, BEING LOT 4, OUT OF THE FIRST PLACE ADDITION, AN ADDITION TO THE CITY OF FORT WORTH, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME 388-184, PAGE 14 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

TRACT TWO: .647 ACRES OF LAND, MORE OR LESS, BEING LOT 2, OUT OF THE FIRST PLACE ADDITION, AN ADDITION TO THE CITY OF FORT WORTH, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT TRACT TWO: RECORDED IN VOLUME 388-58, PAGE 823 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

1.176 ACRES OF LAND, MORE OR LESS, BEING A TRACT OF LAND OUT OF THE A. C. WARREN SURVEY, ABSTRACT 1686, SITUATED IN TARRANT COUNTY, TEXAS MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN DEED DATED JULY 3, 2008 BY AND BETWEEN WILLIAM V. DAFCIK JR., DENISE F. DAFCIK PADFIELD, EMILY G. WATT, ANNE MARIE DAFCIK POTTHOFF BILL DAFCIK AND THOMAS EDMOND POTTHOFF, AS GRANTOR, AND TOWN TALK FOODS, LTD, A TEXAS LIMITED PARTNERSHIP, AS GRANTEE, RECORDED IN DOCUMENT NUMBER D208269725 OF THE DEED RECORDS OF TARRANT COUNTY, TEXAS.

SAID LANDS ARE HEREBY DEEMED TO CANTAIN 3.459 ACRES OF LAND, MORE OR LESS.

in the county of TARRANT, State of TEXAS, containing 3.459 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, In the county of TARRANT, State of TEXAS, containing 2.4.37 gross acres, more or less (including any interests therein which Lessor may necenter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less,

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof,
- 3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Twenty Five Percent (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent 25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which there is purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operation (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs

payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no coven

leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a separator facilities or equivalent testing

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equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyan

- 7. If Lessor owns less than the full mineral estate in all or any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises or leads pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises bears to the full mineral estate in such part of the leased premises bears to the full mineral estate in such part of the leased premises or leases have the full mineral estate in such part of the leased premises bears to the full mineral estate in such part of the leased premises bears to the full mineral estate in such part of the leased premises bears to the full mineral estate in such part of the leased premises bears to the full mineral estate in such part of the leased premises bears to the full mineral estate in such part of the leased premises bears to the full mineral estate in the depositor, such parts of the part of the death of any part of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers is interest hereunder in whole or in part Lessee shall be relieved of all obligations therefore interest shall not affect the rights of Lessee with respect to the transferred interest, and failure of the transfere et a still or undivided interest in all or any portion of the area covered by this lease, the obligatio
- trains, water wells, displosal wells, fills, electric and telephone lines, power stations, and orner radillates deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or such other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

 11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take o

- purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

 13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.
- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes.
- mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.
- Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.
- 17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of Two (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease.

 18. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

 DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may
- vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

SEE EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE, MADE A PART HEREOF.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE) Signature: WILLIAM V. DAFEK JE Printed Name: **ACKNOWLEDGMENT** William V. DAFCAK JR STATE OF COUNTY OF annor Coleman This instrument was acknowledged before me on the 21day of O , 2010, by ____ Notary Public, State of Texas Notary's name (printed):

SHANNON F. COLEMAN Notary Public, State of Texas My Commission Expires October 05, 2013

ACKNOWLEDGMENT

EXHIBIT "A"

Attached to and by reference made a part of that certain Oil & Gas Lease dated Ochec 21 2010, between WILLIAM V. DAFCIK, JR., as Lessor and CHESAPEAKE EXPLORATION, L.L.C., AN OKLAHOMA LIMITED LIABILITY COMPANY., as Lessee.

The terms of this lease exhibit shall control notwithstanding any language to the contrary in paragraphs 1 through 18 of the Paid Up Oil and Gas Lease ("Lease"). The Lease shall be amended and modified as follows:

- 19. The Lessee shall not drill any well on adjacent lands covered by other leases owned by the Lessee unless said well is more than 300 feet from the outside boundary of the premises covered in this lease.
- 20. Lessor may not conduct any drilling operations or erect any surface structures or store any equipment on land covered in this lease.
- 21. The Lease does not cover or include any right or privilege to hunt with firearms or dogs on the leased premises or to fish thereon, all such hunting and fishing rights are reserved to Lessor.
- 22. Paragraph 3 of the Lease shall be modified to delete the following terms " ...less a proportionate part of ad valorem taxes and production, severance or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substance, provided that Lessee shall have the continuing right to purchase such production of the prevailing wellhead market price paid for production of similar quality in the same field..." The aforementioned deleted terms shall instead be replaced with the following: "based on the wellhead market price for production of similar quality in the same field..."
- 23. Paragraph 6 of the Lease shall be modified to add "...insofar as operations on such pooled unit that contains acreage not covered by this lease but adjacent thereto shall only be deemed to preserve this lease as to not more than 640 acres if gas production and 40 acres if oil production from the pooled land occurs" immediately after the sentence "Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises..."
- 24. Paragraph 10 of the Lease shall be modified to delete the following provisions: "In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purpose, including but no limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water-wells, disposal wells, injections wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production." Furthermore, Paragraph 10 of the Lease shall be modified to delete the following provision: "Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other land during the term of this lease or within a reasonable time thereafter."
 - 25. Paragraph 14 of the Lease shall be deleted and removed in its entirety.
- 26. Paragraph 15 of the Lease shall be modified to delete the following phrase in the first sentence "...hereby warrants and agrees to defend title conveyed to Lessee hereunder, and..." Instead, the first sentence of Paragraph 15 shall read "Lessor agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises."
- 27. Paragraph 16 of the Lease shall be modified to delete the following phrase: "Notwithstanding anything contained to the contrary in this lease..." Instead, Paragraph 16 shall read "Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations."
- 28. Paragraph 3 of the Lease shall be modified such that the following sentence is added at the end of Paragraph 3: "This lease may not be maintained in force by the payment of shut-in royalties for more than a period of two (2) consecutive years or four (4) years in the aggregate without Lessor's written consent which shall not be unreasonably withheld".